

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION  
2010 Legislative Year**

**Status as of November 1, 2010**

**D - Vetoed Bills**

<b>Bill Number Version</b>	<b>Summary</b>	<b>Status</b>
<b>AB 194</b> Torrico	<p><b>Payrate Limitation</b></p> <p>This bill would specify that, for the purpose of determining the retirement benefit payable to a member of a public retirement system first hired on or after January 1, 2011, the maximum salary shall not exceed 125 percent of the salary recommended by the California Citizen's Compensation Commission to be paid to the Governor. The bill would also provide for yearly adjustments to this amount based on the All Urban California Consumer Price Index.</p> <p><b>Governor's Veto Message:</b> To the Members of the California State Assembly: I am returning Assembly Bill 194 without my signature. The bill limits the salary that retirement benefits are based on for individuals, prospectively after January 1, 2011, to 125% of the Governor's salary, as specified. The current compensation limit imposed by the federal government to determine public employee retirement benefits is \$245,000. Currently, this bill would cap the compensation counted towards retirement at \$217,483. While this two tiered cap that would be created by this bill would make a very small dent in the pension problem California faces, it cannot be considered real pension reform. I am still hopeful that the Legislature will pass an acceptable bill that addresses the real cost issues that have driven up the liability in public pension systems. For these reasons, I am unable to sign this bill. Sincerely, Arnold Schwarzenegger</p>	09/30/2010- Vetoed by the Governor
<b>AB 1821</b> Ma  <b>Board Position: Sponsor</b>	<p><b>1959 Survivor Benefit-Public Agency Pools</b></p> <p>Would merge the members and assets in the 1st and 2nd levels into the 3rd level pool of the 1959 Survivor Benefit Program for Public Agencies. In addition, the \$2.00 required monthly employee premium would be waived as long as the pool has surplus assets in excess of 200 percent of the total liabilities of the pool.</p> <p><b>Governor's Veto Message:</b> To the Members of the California State Assembly: I am returning Assembly Bill 1821 without my signature. This bill results in arbitrarily increasing the level of benefits being paid out to those beneficiaries that did not contribute towards this increased level of benefit. While I recognize that surplus funds are not being utilized in the specified 1959 Survivor Benefit Program funds, it does not make sense to increase the benefit amounts to even the small number of participants that would be affected by this measure. That is a policy that runs counter to the overall pension reform direction I believe the state should be adopting. For these reasons, I am unable to sign this bill. Sincerely, Arnold Schwarzenegger</p>	09/30/2010- Vetoed by the Governor

Bill Number Version	Summary	Status
<b>AB 1987</b> Ma	<p><b>Final Compensation</b></p> <p>Would provide, effective July 1, 2011, that any change in salary, compensation, or remuneration principally for the purpose of enhancing a member's benefits would not be included in the calculation of a member's final compensation for purposes of determining that member's defined benefit at any local public retirement system. It would also prohibit members of the public retirement systems that retire on or after January 1, 2012 from performing services for any employer covered by their retirement system until that person had been separated from service for at least 180 days. The bill is only to take effect if SB 1425 passes. It also makes the necessary and conforming changes to retirement laws that apply to counties and cities.</p> <p><b>Governor's Veto Message:</b> To the Members of the California State Assembly: I am returning Assembly Bill 1987 without my signature: The practice of pension-spiking is a serious one that deserves significant attention by the Legislature in curbing the unacceptable manner in which individual workers are able to artificially boost their retirement payouts. There are numerous examples of public employees taking home larger pension checks in retirement than what they earned in base salary when they were actually working. California does need a consistent standard that is transparent, understandable, and implementable throughout the state. While this bill purports to address this issue by segregating out some of the factors that have allowed pension spiking, in some instances it still allows local pension boards to determine what is ultimately counted in an employee's pension calculation. This does not provide a consistent treatment of all employees. The taxpayers of California deserve better. I am still hopeful that the Legislature can send me acceptable pension reform legislation. For these reasons, I am unable to sign this bill. Sincerely, Arnold Schwarzenegger</p>	09/30/2010- Vetoed by the Governor
<b>SB 1425</b> Simitian	<p><b>Final Compensation</b></p> <p>Would provide, effective July 1, 2011, that any change in salary, compensation, or remuneration principally for the purpose of enhancing a CalPERS or CalSTRS member's benefits would not be included in the calculation of a member's final compensation for purposes of determining that member's defined benefit. It would also prohibit members of the public retirement systems that retire on or after January 1, 2012 from performing services for any employer covered by their retirement system until that person had been separated from service for at least 180 days. It also makes the necessary conforming changes in the Public Employees' Retirement Law. This bill is only to take effect if AB 1987 passes.</p> <p><b>Governor's Veto Message:</b> To the Members of the California State Senate: I am returning Senate Bill 1425 without my signature. The enactment of this bill is contingent upon the enactment of Assembly Bill (AB) 1987 (Ma). I am vetoing AB 1987 because it does not provide real pension reform. I am still hopeful that the Legislature will pass an acceptable bill that really addresses California's pension problem. For this reason, I am unable to sign this bill. Sincerely, Arnold Schwarzenegger</p>	09/30/2010- Vetoed by the Governor